

Message Text

CONFIDENTIAL

PAGE 01 TOKYO 19807 271034Z

ACTION EA-12

INFO OCT-01 ISO-00 AGRE-00 CEA-01 CIAE-00 COME-00
DODE-00 EB-08 FRB-03 H-01 INR-07 INT-05 L-03
LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15 STR-05
ITC-01 TRSE-00 PRS-01 SP-02 SOE-02 OMB-01 DOE-11
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C O N F I D E N T I A L TOKYO 19807

E.O. 11652: GDS

TAGS: PINT, ETRD, EPAP, JA, US

SUBJECT: "NEW" U.S. DEMANDS CAUSE LDP FUROR

SUMMARY: RECENT PUBLICATION OF "NEW" US DEMANDS ON BEEF AND CITRUS HAVE TOUCHED OFF FUROR WITHIN LDP, DURING MIDST OF WHICH LDP'S EIICHI NAKAO, JUST BACK FROM US;IVUK, MADE SOME HELPFUL REMARKS FROM OUR POINT OF VIEW. PRESSURE FROM PRODUCERS IS INTENSE ON MANY LDP DIET MEMBERS, AND THEY ARE DOING WHAT THEY CAN TO DEFLECT IT. END SUMMARY.

1. US DEMANDS FOR JAPANESE IMPORTS OF 10,000 TONS OF HOTEL BEEF AND 50,000 TONS OF CITRUS MADE PUBLIC DEC. 22 SET OFF FUROR WITHIN RULING LIBERAL DEMOCRATIC PARTY (LDP). LIVESTOCK PROMOTION DIET MEMBERS LEAGUE, HEADED BY EX-DEFENSE AGENCY CHIEF SADORI YAMANAKA AND COMPOSED OF 137 LDP LOWER AND UPPER HOUSE MEMBERS, MET IN AN EMERGENCY SESSION TO CONCLUDE THAT THERE WAS NO NEED TO FURTHER LIBERALIZE MEEF IMPORTS. FRUIT GROWERS PROMOTION LEAGUE, 170 DIET MEMBERS STRONG, ALSO HELD EMERGENCY SESSION AND REACHED SIMILAR CONCLUSIONS. SPURRED BY THESE MEETINGS, LDP AGRICULTURAL POLICY ORGANS MET IN JOINT SESSION DEC. 23 AND RESOLVED THAT ANY FURTHER GOJ RETREAT ON
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PAGE 02 TOKYO 19807 271034Z

AGRICULTURAL LIBERALIZATION WOULD MEAN COLLAPSE OF JAPANESE AGRICULTURE AND LIVESTOCK INDUSTRIES AND THAT UNREASONABLE US DEMANDS SHOULD BE REJECTED. THIS WAS BACKED BY BY DEC. 26 CALL BY LDP FARM BLOC DIET REPRESENTATIVES ON PRIMIN FUKUDA AND BY DEMONSTRATION OF APPROXIMATELY 3,000 FRAMERS AT EMBASSY AND ELSEWHERE DEC. 27.

2. CLEARLY CAUGHT IN SQUEEZE, AGMIN NAKAGAWA DEC. 23 QUIPPED THAT, TO MEET US DEMANDS, JAPAN WOULD HAVE TO CONSTRUCT 2.5 TIMES AS MANY HOTELS AND EACH JAPANESE WOULD NEED AN ADDITIONAL STOMACH. HE WAS CAREFUL TO ADD, HOWEVER, THAT JAPAN WOULD HAVE TO RESPOND "TO SOME EXTENT". BY WEEKEND, MFA HAD MADE PUBLIC ITS ESTIMATE THAT JAPANESE HOTEL DEMAND FOR BEEF WAS 4,000 TONS ANNUALLY AND THAT, SINCE ANY IMPORTS IN EXCESS OF 4,000 TONS WOULD SPILL OVER INTO REGULAR COMMERCIAL MARKET, IT WAS STUDYING POSSIBILITY OF SUCH MEASURES AS SPECIAL DISTRIBUTION SYSTEM TO PROVIDE OCCASIONAL CHEAP BEEF OR SUBSIDIES TO LIVESTOCK PRODUCERS.

3. LDP AGRICULTURAL DIVISION CHAIRMAN EIICHI NAKAO, JUST BACK FROM US DISCUSSIONS, PLAYED HELPFUL ROLE FROM OUR POINT OF VIEW. HE TOLD LDP EMERGENCY AGRICULTURAL MEETING, FOR EXAMPLE, THAT JAPAN SHOULD MAKE CONCESSIONS TO US AND, IF JAPAN DID NOT, SOMETHING SERIOUS COULD HAPPEN TO US-JAPAN RELATIONS. FOLLOWING DAY (DEC. 24) HE TOLD PRESS, AFTER HIS REPORT TO PRIMIN FUKUDA, THAT US CONGRESS WAS IN PROTECTIONIST MOOD; PROTECTIONIST LEGISLATION WAS POSSIBLE AS EARLY AS NEXT SPRING; AND THAT AMERICANS WERE PARTICULARLY CRITICAL OF JAPANESE NTB'S. IN THIS CONNECTION, HE NOTED CURRENT CONFIDENTIAL

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PAGE 03 TOKYO 19807 271034Z

HIGH US UNEMPLOYMENT RATES AND UPCOMING 1978 US ELECTIONS. NAKAO URGED JAPAN TO DO WHAT IT COULD TO BE RESPONSIVE ON GROUNDS THAT IT APPEARED TO BE CARTER-ADMINISTRATION STRATEGY TO OBTAIN AGRICULTURE-RELATED CONGRESSIONAL SUPPORT FOR ITS FREE-TRADE POLICY.

4. COMMENT: MANY CONSERVATIVE DIET MEMBERS ARE CURRENTLY UNDER GREAT PRESSURE ON AGRICULTURAL ISSUE. LATE PRIMIN IKEDA'S SON, FOR EXAMPLE, WHO REPRESENTS CITRUS PRODUCING AREA IN HIROSHIMA PREFECTURE, TOLD EMBOFF HE WAS RECEIVING UP TO 10 GROUPS A DAY, WHICH HAD TRAVELED AT LEAST 5 HOURS BY TRAIN IN EACH DIRECTION TO TELL HIM THEIR VIEWS. CONSCIOUS OF STRONG POSSIBILITY OF LOWER-HOUSE ELECTION NEXT YEAR, LDP POLITICIANS ARE SEEKING TO REDIRECT HEAT. ONE MEANS IS TO PRESENT MORE EVIDENCE OF US PRESSURE. HENCE THE NEW ETO MISSION TO US (SEPTTEL). ANOTHER IS TO MAKE IT CLEAR THAT FINAL DECISION WILL BE MADE AT HIGHEST POLITICAL LEVEL. (PRIMIN FUKUDA HAS BEEN ASKED TO MAKE HIS DECISION ONLY AFTER CONSULTATION WITH RELEVANT PARTY ORGANS, BUT HE HAS THUS FAR PROMISED ONLY TO CONSULT WITH SECGEN OHIRA.) GIVEN STRONG CONFLICTING PRESSURES, A DELAYED JAPANESE RESPONSE WOULD NOT

BE SURPRISING. IN FACT, THERE ARE ALREADY RUMORS
THAT GOJ COUNTER PROPOSAL, EXPECTED DECEMBER 29, MAY
WELL BE POSTPONED UNTIL NEW YEAR.
MANSFIELD

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Subject: \"NEW\" U.S. DEMANDS CAUSE LDP FUROR SUMMARY: RECENT PUBLICATION OF \"NEW\" US DEMANDS ON BEEF AND CITRUS HAVE TOUCHED OFF FUROR WITHIN LDP, DURI
TAGS: PINT, ETRD, EPAP, JA, US
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